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## **Taiwan**

**Post:** Taipei

### **Demand for High Quality U.S. Beef Surmounts Competition and High Prices**

**Report Categories:**

Livestock and Products

Market Development Reports

**Approved By:**

Emily Scott, Acting Chief, Agricultural Section, American  
Institute in Taiwan

**Prepared By:**

Emily Scott

**Report Highlights:**

Recent reports claim that U.S. beef exports to the island are negatively impacted by competition from New Zealand, alluding to benefits of the recent Taiwan/New Zealand Free Trade Agreement. However, a review of the data confirms the United States as the number one supplier of high-quality, chilled, beef to the island with trade up 26% year over year. Still tight domestic supplies, regional demand competition, and high prices limit exports of frozen U.S. beef to the island.

**General Information:**

Recent reports claim that U.S. beef exports to the island are negatively impacted by competition from New Zealand, alluding to benefits of the recent Taiwan/New Zealand Free Trade Agreement (FTA), signed July, 2013. (See GAIN report TW13035.) Taiwan is seeking to expand their bilateral and multilateral trade agreements through a Bilateral Investment Agreement with the United States and membership in the Trans-Pacific Partnership.

Overall, Taiwan beef imports are on the rise; up approximately 10% by both value and volume compared to the same time period (Jan-June) last year. Total exports of New Zealand beef to Taiwan have expanded in the first six months of 2014, up 23% by value and an impressive 41.6% by volume compared to 2013. Still, New Zealand remains the third largest supplier of beef to the island, behind Australia and the United States.

The United States continues to be the number one supplier of high-quality, chilled, beef to the island with trade up 26% year over year, reaching over \$US 68 million through the end of June. However, the U.S. beef lost overall market share as exports of frozen beef to Taiwan fell 24% realizing the impact of tight domestic supplies, regional demand competition, and resulting high prices. Frozen U.S. beef is typically of lower quality and most likely to be in direct competition with product from Australia and New Zealand, both of whom realized expanded exports of frozen beef to Taiwan in the first half of 2013.

Still, the overall market loss is not particularly surprising given that U.S. beef prices maintain at or near record highs. In-demand cuts are up anywhere from 25-60% over last year's prices. U.S. beef production is down 5.8% over 2013. Additionally, as the United States opens and expands regional market access, Taiwan's importers may be overlooked in favor of more liberalized, nearby markets. For instance, U.S. beef exports to near-by Hong Kong are up 69% this calendar year.

Any claims that the Taiwan/New Zealand FTA, is responsible for the increase in New Zealand beef exports to the island should be carefully evaluated. The current tariff on beef into Taiwan is low (NT\$10/kilogram, or US\$0.15/lb) and is not likely a key factor in any sourcing determination considering high beef prices. The tariff on New Zealand beef is scheduled to be zeroed out in year two of the agreement while year one of the agreement saw a 50% tariff reduction.

In conclusion, the overall market share lost to Australia and New Zealand this year is likely a result of tight supplies, regional demand, and high prices. Still, chilled U.S. beef should continue to sell well on the island as upper end, white tablecloth restaurants demand a high quality product.

## Taiwan Beef Imports Jan - June

2014

| Country                | Total  |         | Beef, Chill |        | Beef, Frozen |         |
|------------------------|--------|---------|-------------|--------|--------------|---------|
|                        | Qty    | Value   | Qty         | Value  | Qty          | Value   |
| <b>Total</b>           | 53,623 | 357,195 | 9,578       | 93,799 | 43,719       | 260,785 |
| <b>Australia</b>       | 19,883 | 118,990 | 2,081       | 19,202 | 17,548       | 97,279  |
| <b>US</b>              | 15,774 | 131,765 | 5,871       | 63,473 | 9,903        | 68,292  |
| <b>New Zealand</b>     | 14,118 | 84,714  | 1319        | 9,236  | 12,799       | 75,478  |
| <b>Nicaragua</b>       | 1,885  | 11,374  | 91          | 558    | 1,794        | 10,816  |
| <b>Panama</b>          | 835    | 4,152   | -           | -      | 835          | 4,152   |
| <b>ROW</b>             | 1,128  | 6,200   | 216         | 1,330  | 840          | 4,768   |
| <b>US Market Share</b> | 29.4%  | 36.9%   | 61.3%       | 67.7%  | 22.7%        | 26.2%   |

2013

| Country                | Total  |         | Beef, Chill |        | Beef, Frozen |         |
|------------------------|--------|---------|-------------|--------|--------------|---------|
|                        | Qty    | Value   | Qty         | Value  | Qty          | Value   |
| <b>Total</b>           | 48,881 | 324,915 | 8,059       | 79,618 | 40,761       | 245,171 |
| <b>US</b>              | 17,504 | 139,958 | 5,052       | 50,097 | 12,452       | 89,861  |
| <b>Australia</b>       | 17,340 | 101,737 | 2,158       | 22,117 | 15,172       | 79,563  |
| <b>New Zealand</b>     | 11,141 | 68,766  | 795         | 7,057  | 10,347       | 61,708  |
| <b>Nicaragua</b>       | 1,300  | 7,216   | 54          | 346    | 1,246        | 6,870   |
| <b>Panama</b>          | 1,107  | 5,105   | -           | -      | 1,107        | 5,105   |
| <b>ROW</b>             | 489    | 2,133   | 0           | 1      | 437          | 2,064   |
| <b>US Market Share</b> | 35.8%  | 43.1%   | 62.7%       | 62.9%  | 30.5%        | 36.7%   |